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SUMMARY RECORD OF THE 459TH MEETING

held at the Palais des Nations, Geneva,
on Tuesday, 26 April 1977, at 4.40 p.m.

President Mr. Walker Jamaica

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Draft decision on tungsten

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REVIEW AND APPRAISAL OF THE IMPLEMENTATION OF THE INTERNATIONAL DEVELOPMENT STRATEGY, THE DECLARATION AND THE PROGRAMME OF ACTION ON THE ESTABLISHMENT OF A NEW INTERNATIONAL ECONOMIC ORDER, THE CHARTER OF ECONOMIC RIGHTS AND DUTIES OF STATES, AND GENERAL ASSEMBLY RESOLUTION 3362 (S-VII) ON DEVELOPMENT AND INTERNATIONAL ECONOMIC CO-OPERATION (agenda item 2) (TD/B/642 and Add.1 and 2, TD/B/646) (continued)

1. Mr. KUCHARSKI (Poland), speaking on behalf of the Group D countries, said that the position of those countries had not changed since their joint statements at the General Assembly (A/9074 and A/9309), at the sixth special session of the Board (TD/B/L.592) and at the fourth session of the Conference (TD/211). Moreover, at the last session of the General Assembly, the delegation of the USSR had circulated a statement on the restructuring of international economic relations (A/C.2/31/2) which had received the full support of the delegations of the other socialist countries.

2. The socialist countries were aware of the considerable changes which had occurred during the 1970s, both internally and externally, in the developing countries. National liberation struggles had been successful in Asia and in Africa, as had the struggle to liquidate economic colonialism. During that period, the socialist countries had watched with satisfaction many newly independent States strengthen their sovereignty and their control over their national resources. That irreversible evolution was reflected in the strengthening of the democratic and revolutionary forces which sought a radical transformation of the situation and in the fact that developing countries had chosen the path of socialism. As their contribution to the implementation of the recommendations mentioned in the title of agenda item 2, the socialist countries were continuing to help the developing countries in their fight to gain control over their destinies.

3. It was true that most of the developing countries were in a serious economic situation and that their future development justifiably aroused keen concern. Their difficulties were mainly due to the systematically destructive effect of the economic laws of capitalism, which perpetuated their dependence and their exploitation by the capitalist monopolies, particularly the transnational corporations. The socialist countries had never thought that the economic development of the developing countries would be automatically stimulated by that of the capitalist countries. The present world economic situation in fact created inequality and dependence, with the result that the developing countries were bearing the brunt of the crisis in the developed countries.

4. On the basis of their own experience and that of the countries of Asia, Africa and Latin America, the socialist countries considered that, in order to promote development and satisfy the needs of the masses, countries must discard outmoded relationships, strengthen their sovereignty over their natural resources and acquire an independent national economy. By selecting an economic and political system constructed on socialist bases, they might hope to overcome their present difficulties.

5. The countries members of the Council for Mutual Economic Assistance (CMEA), meeting in July 1976, had reaffirmed in their final communiqué their support for the developing countries which were seeking to strengthen their economic and political independence, as well as their determination to attain the goals set in the Declaration and the Programme of Action on the Establishment of a New International Economic Order. In November 1976, the countries members of the Warsaw Treaty had decided in favour of restructuring international economic relations on an equitable democratic basis, and on the basis of the equal rights of all States, and had declared that they supported, in principle, the programme for international co-operation proposed by the developing countries and non-aligned countries.

6. Reviewing various specific questions falling within the competence of UNCTAD, he said that the socialist countries were ready to co-operate in the implementation of the Integrated Programme for Commodities. With regard to the transfer of technology, they had transmitted to the appropriate UNCTAD bodies specific proposals concerning a code of conduct for the transfer of technology. Finally, they were ready to participate in a constructive spirit in the work in UNCTAD on manufactures, shipping and monetary reform.

7. The satisfactory development of co-operation between the socialist countries and the other countries members of UNCTAD depended on the extent to which the proposals made to that end took into account the basic features of the socialist countries which differed from those of the capitalist countries. The former, for instance, had never considered themselves bound by decisions based on the false conception of the division of the world into rich and poor, which did not take account of the fact that certain countries were responsible for the economic difficulties of the developing countries, while others were genuinely helping them to overcome those difficulties.

8. From 1970 to 1975, trade between the CMEA countries and the developing countries multiplied 2-3-fold and, as the Secretary-General of UNCTAD had stated, there were extensive possibilities for the further development of trade and co-operation between the two groups. However, that would also depend on the endeavours of the developing countries themselves, including the terms they offered to the socialist countries, which should be not less favourable than those they extended to the capitalist countries.

9. The definition of the strategy for the 1980s called for a detailed study, based on experience and the problems of international co-operation. It would therefore be premature to formulate specific recommendations concerning the programme for the Third United Nations Development Decade. In the view of the socialist countries, the strategy for the Third Decade must be based on the assumption that, while a new international economic order was essential for acceleration of the development of the developing countries, the progress of the latter would depend primarily on the efforts they made to assume control of their internal resources and to assure their economic independence.

10. Moreover, if a development strategy was to be realistic, it must clearly take into account the benefits which would accrue from the cessation of the arms race, and particularly the nuclear arms race. It would be difficult to establish a new international economic order without an increase in détente; accordingly, the socialist countries would continue to support the efforts of the developing countries to ensure international détente, peace and security.

11. Mr. MONTGOMERY (Canada), speaking on behalf of the Group B countries, said they agreed that a number of the aspirations set out in the International Development Strategy now seemed unlikely to be fully realized by all the members of the Group or by all the developing countries; that was not at all surprising, in view of the shocks suffered by the world economy at the beginning of the Decade.

12. Any serious analysis of the weaknesses of the Strategy called for reflection on the various factors determining the widely differing measures of success achieved in different countries, regions and sectors. The breakdown adopted by the secretariat in its study of the recent economic experience of developing countries (TD/B/642/Add.2) offered useful pointers for future work. The plain fact was that no international development strategy could succeed if it was not firmly based on the experience and the specific needs of the developing countries themselves. Those needs had, moreover, been defined at the international level in the concept of "basic needs" adopted at the International Labour Organisation's World Employment Conference.

13. The scope of the measures which had been taken recently should not be underestimated. In addition to the events mentioned by the spokesman for the Group of 77, there had been the establishment of the International Fund for Agricultural Development, the reconstitution of the resources of the International Bank for Reconstruction and Development (IBRD) and the International Development Association (IDA), the creation of the Trust Fund, the considerable expansion of the quotas of the International Monetary Fund (IMF) and the extension of its compensatory finance facility.

14. Some of the members of the Group B had achieved the 0.7 per cent target for development aid and others were near to it. Others had not yet succeeded in achieving it, which was not surprising, the range of GNP and GNP per capita in the Group being not far short of that shown by the developing countries. It was, of course, statistically true that if all the Group B countries had achieved the target of 0.7 per cent, the current deficit of the developing countries as a whole would have been halved; but it was also true that the member countries of the Development Aid Committee (DAC) of the Organization for Economic Co-operation and Development continued to provide 80 per cent of the concessional flows.

15. The Group B countries had also distinguished themselves by effecting a shift in their public aid in favour of the least developed countries. They had combined their efforts with those of the members of the Organization of Petroleum Exporting Countries (OPEC), in response to the appeal launched by the Secretary-General of the United Nations on behalf of the countries most seriously affected by the crisis. The OECD countries were also tending increasingly to assign a large proportion of their resource transfers to the poorest countries. Finally, a number of agreements had been concluded between developed and developing countries, some of them offering specific advantages to the least developed countries.

16. In the field of trade, since the beginning of the Second Development Decade, nearly all the major western trading nations had introduced and gradually improved schemes of generalized preference and the preferential treatment granted to the developing countries left them every latitude to conclude supplementary preferential arrangements among themselves. Furthermore, a number of Group B countries and groups of countries had taken steps to promote imports from the least developed countries to their markets, sometimes even creating permanent agencies for that purpose. The question of adjustment assistance was also under active consideration and programmes had been established in several countries. Meanwhile, new concessions had been granted in the context of the multilateral trade negotiations and the question of non-tariff barriers continued to be examined there.

17. As far as commodity trade was concerned, Group B found it hard to accept the view of the Group of 77 that there was a requirement for a change of attitude on the part of the developed countries and for a speeding up of the timetable. Important negotiations were currently under way on sugar, rubber, copper and hard fibres, and other negotiations were about to begin on an entire range of products. It was true that the Negotiating Conference on a Common Fund had been a disappointment for many, but it had at least resulted in a further clarification of the issues and in bringing the parties involved closer in a number of important areas. Negotiations on such a complex question required time.

18. As well as those achievements which were already effective, serious work was currently under way in order to attain various objectives. The preparation of a code of conduct for the transfer of technology was proceeding and the complementary work on restrictive business practices was making progress. The Group B countries hoped that the Conference on International Economic Co-operation would lead to the results expected and they trusted that the ministerial session of the Board would take useful decisions on the limited number of carefully selected items placed on its agenda. The Group B countries considered that all those initiatives offered sufficient evidence of the political will which existed in the Group. They hoped that the International Development Strategy might be given a new interpretation, which would further translate concepts into facts and take account of practical experience, regard being had to the basic needs and the special situation of the developing countries.

19. With regard to the question of economic co-operation among developing countries, the Group B countries very much sympathized with the wish of those countries to further their own self-reliance and believed that they could help them in a number of areas. Co-operation among the developing countries must take place within the general context of the co-operation and interdependence which had come to mark relations between all countries, whatever their social and economic level. It was in that spirit that the Group B countries were ready to participate constructively in the work of the Committee on Economic Co-operation among Developing Countries.

20. Mr. AN (China) said that since the Board had last reviewed the implementation of the International Development Strategy, the international situation had been marked by much disorder, which served to strengthen the political consciousness of the peoples in their struggle against imperialism, colonialism and economic hegemony. At several conferences - the Ministerial Meeting of the Group of 77, the Conference on Economic Co-operation among the Developing Countries and the Fifth Conference of Heads of State or Government of the Non-Aligned Countries - the developing countries had adopted resolutions calling for the strengthening of their mutual economic co-operation and the establishment of a just and equitable new economic order, giving expression to the spirit of militant solidarity which united them. The Afro-Arab Summit Conference recently held in Cairo had demonstrated the strength and determination of the oil-producing countries and the raw material-producing countries. Encouraged by those results, the developing countries had strengthened their unity and had won other victories for their economic independence, the defence of their national rights and interests and the development of their economies.

21. Seven years after the start of the Second Development Decade, many of the measures called for had not been implemented. The gap between the rich and poor countries continued to widen, the growth of the developing countries was slow, their debts were increasing at a phenomenal rate and their terms of trade were continuing to deteriorate. More and more developing countries were coming to realize that, in

order to assure their economic expansion, they must rely primarily on their own efforts, strengthen their mutual co-operation and re-structure the present international economic relations based on monopoly, control, exploitation and plunder. On their initiative, the General Assembly had adopted the resolution calling for the establishment of a new international economic order. The Charter of Economic Rights and Duties of States laid down certain correct principles on the question of international economic and trade relations. At its fourth session, the Conference had adopted a resolution on the establishment of an integrated programme for commodities. At the same time, the developing countries had taken action to safeguard their permanent sovereignty over their natural resources, to regulate foreign investment and the activities of the transnational corporations and to set up associations of countries producing raw materials. They were striving to develop their agricultural production, increase their self-sufficiency in food production, develop their industries and diversify their production and exports.

5. Despite numerous rounds of discussions and negotiations, no result had yet been achieved on commodities, the debt question, monetary reform, the transfer of technology, trade in manufactures and the establishment of a common fund for an international stock of commodities; that proved that the establishment of a new international economic order was an arduous task which would certainly encounter all kinds of obstacles. The two super-Powers were obstinately defending the old economic order, and, in particular, the Power which claimed to be the natural ally of the developing countries was engaged in a frenzied arms expansion, under the cover of détente. It was contending with the other super-Power to extend its hegemony to strategic points and raw-material-producing areas, carrying aggression everywhere, aggravating international tensions and, on the pretext of reducing the gap between the poor and rich countries, was exploiting the developing countries while shirking all its responsibilities. Still more dangerous than the former colonial Powers, it constituted a serious obstacle to the establishment of a new international economic order.

6. In the Declaration on the Establishment of a New International Economic Order, the General Assembly had pointed out that the continuous widening of the gap between the developing and developed countries was the outcome of the old economic order and it had put forward a number of appropriate principles and measures which reflected the common demands of the developing countries. Efforts should be made to implement that programme and to base the review and appraisal of the Strategy and all international development policies on the idea of a new international economic order. Within its sphere of competence UNCTAD should ensure full implementation of the correct principles enunciated in the resolutions adopted by the General Assembly at its sixth and seventh special sessions and by the Conference at its fourth session. The developing countries would win further victories if they strengthened their unity and co-operation and combined their efforts to put an end to the machinations of the super-Powers.

24. Mr. SHIHAB (Observer for the Council of Arab Economic Unity), speaking at the invitation of the President, said that, at the start of the Second United Nations Development Decade, the whole world had hoped that it would be possible to eliminate within those 10 years at least the main causes of the failure of the First Decade. As the Decade was drawing to a close, the developing countries were reviewing, with some bitterness, the progress achieved on their behalf, and it was now widely acknowledged that their hopes had been dashed.

25. The causes of the set-back were known. First, although the peoples of the Third World accounted for 70 per cent of the world's population, the overall income of the Third World countries, including the petroleum-producing countries, accounted for less than 9 per cent of total world income. Second, the raw-material-producing countries received only 15 per cent of the final price at which the products they exported were sold to the consumer, the balance remaining in the hands of companies in the developed countries as a result of the marketing, transport, insurance and other operations they carried out. Third, the developing countries received only 4 per cent of the total of the loans granted by IBRD and IDA. Fourth, they supplied only 7 per cent of world industrial production, despite their efforts to industrialize, and it should also be noted that production was restricted to a small number of developing countries and to certain specific sectors such as textiles, cement and motor vehicle assembly. Fifth, their indebtedness had increased to the point where debt servicing accounted for more than 50 per cent of the volume of official development assistance (ODA) from the developed countries. Moreover, many developing countries, particularly the least developed countries, were unable to arrange their debt servicing in an organized way and that had a very adverse effect on the implementation of their development plans in the economic and social fields. Sixth, although the developing countries had been invited to contribute the equivalent of 1 per cent of their GNP, ODA had not exceeded 0.5 per cent. Seventh, an inflationary recession in recent years in the developed countries had led to a levelling off in their imports of raw materials, which had resulted in a sharp decline in the export earnings of the developing countries, accompanied by a rise in the price of the capital goods needed for economic development.

26. It was true that substantial efforts had been made at the international level to remedy that situation and, up to 1976, the developing countries had remained relatively optimistic and had hoped that the international community would take action to try to establish a new world economic order during the final years of the Decade. Accordingly, at the fourth session of the Conference, they had sought to ensure that an agreement would be reached on several important recommendations. However, it was clearly not enough to adopt recommendations; the will to implement them was also needed. He was compelled to note, one year later, that no progress had been achieved.

27. The Council of Arab Economic Unity hoped that the Trade and Development Board would take into account the analysis of the situation made by the Group of 77 and would take positive decisions at the session so that its work would not be limited to reviewing the implementation of the Strategy, but would also focus on ways and means of accelerating the implementation of the recommendations already adopted.

28. The Council of Arab Economic Unity recognized the great importance of economic co-operation among developing countries, at the regional, intra-regional and sub-regional levels, as a pivot of the new international economic system. The spokesmen for the Group of 77 had mentioned that that sector was one of the few in which progress had been made during the Second Decade. The implementation of the resolutions recently adopted by the Conference on Economic Co-operation among Developing Countries should enable new objectives to be achieved and the Council of Arab Economic Unity hoped that UNCTAD and the other organizations concerned would redouble their efforts, in the period remaining before the end of the second decade, to study ways and means of making a fresh start on the economic development of the Third World.

29. The present session of the Trade and Development Board should mark the beginning of formulation of the framework to be adopted for the strategy for the next development decade.

30. Mr. CASTELLANOS (Venezuela) noted that almost three years had elapsed since the General Assembly had adopted the Declaration on the Establishment of a New International Economic Order based on equity, sovereign equality interdependence, common interest and co-operation among all States. Virtually nothing had been accomplished, however, and the developing countries had repeatedly expressed their disappointment. In his report on a viable development strategy (TD/B/542), the Secretary-General of UNCTAD noted that the idea, seemingly still defended by many developed countries, of relying primarily on market forces to pass on the economic expansion in the developed countries to the developing countries had given way in the developing countries to different policies, based on reduced economic dependence, the desire for collective economic independence, interdependence and international co-operation.

31. The Strategy for the Second Development Decade had been planned simply as an extension of the First Decade, designed to preserve the old order, despite the meagre results achieved during the First Decade. It was likely, moreover, that the need for a new international economic order would not have been recognized if the economic crisis had not intervened to demonstrate the interdependence of all countries. It was therefore important to alter the strategy radically. Moreover, it should not be forgotten that the struggle of the countries which had had to free themselves from colonial domination was now taking place in a world which was more mature, as the representative of Poland had pointed out on behalf of the Group B countries.

32. His delegation noted that paragraph 24 of the document he had mentioned referred to the "evident disarray of present international development policies, in their inadequacy in dealing effectively with the development crisis now facing the developing countries (other than oil exporters)". The report thus appeared to place in a separate category the developing countries which were oil exporters, which nevertheless also suffered from a "development crisis" and did not have sufficient economic autonomy, portraying them as enjoying special privileges, whereas in reality it was elsewhere that those with privileges should be sought.

Paragraph 34 of the same document indicated that in the annual deterioration of the trade balance of developing countries for the period 1974-1976, which had totalled over $20 billion, petroleum accounted for about $8 billion. That meant that, in the case of $12 billion (or 60 per cent), the deterioration was due to the recession and inflation in the developed countries. Further on (paragraph 50), it was stated that total financial commitments by OPEC countries, in the form of flows of aid and of non-concessional loans to other developing countries, had stood at $8.1 billion in 1974 and $9 billion in 1975. It was also stated that that OPEC aid was basically untied and contained a high degree of general programme (including balance-of-payments) support. That had been recognized at the present meeting by the representative of Canada, speaking on behalf of the Group B countries, for which his delegation was grateful. In comparison, the industrialized countries, with a few exceptions, had not achieved the 1 per cent target, or even the ODA target of 0.7 per cent, according to information provided by OECD itself.

33. In point of fact, the assistance provided by the industrialized countries did not deserve any praise, since it was not "given" but "lent". Two years previously, in one highly industrialized country, one job out of seven depended on the sale of manufactured goods to the Third World. That proportion had now increased to one out of six. Eighty per cent of each monetary unit invested in "development aid" returned to that "donor" country. In the same country, for each monetary unit which went into the funds of the World Bank, two monetary units returned to the country. In other cases, the same profit amounted to three monetary units. Of the resources provided by another country to the International Development Association (IDA), 93 per cent returned to that country. Evidence of that situation was provided, on one hand, by the massive and increasing indebtedness of the countries of the Third World and, on the other, the impressive increase in the international reserves at the disposal of the industrialized countries, which even IMF had recognized.

34. All that contrasted with the genuine aid granted by the petroleum exporting countries, which were being portrayed as playing a sinister role. The multiplyer effect of that assistance had no repercussions on their economies; it benefited the economies of the industrialized countries, because it was from them that the countries receiving assistance from OPEC purchased the capital goods they needed. The assistance given by the OPEC countries was the expression of true solidarity, to which they had committed themselves, although under no obligation to compensate for any extortion in the past, in order to assist, without conditions, other developing countries to become independent. He wished to stress that each monetary unit granted by a country member of OPEC constituted part of its non-renewable wealth which would no longer be available for future generations. To show that the generosity of the industrialized countries had been, as had been said, "microscopic" rather than "massive", he quoted the example of a European country whose trade balance had showed a surplus of over 60 million monetary units in 1976 and which had allocated only 3.7 million monetary units to ODA in 1975 while, in the same year, the Ministry of Health of that country had estimated at 17 billion monetary units the cost of illnesses caused by overeating.

35. His delegation was sceptical about the possibility of rethinking the world strategy by seeking to commit the developing countries alone. A new strategy should have as its pivot international co-operation which, in turn, should be based on a proper understanding of the problems of development and the problems of dependence in all their forms and should not be divided up. Such co-operation was possible only in the context of a new international economic order. It was essential for the international community to move towards such a change by seeking to implement its decisions effectively, failing which the final change would come about on its own, with disastrous and painful consequences.

36. Mr. EL-SHAFEI (Egypt) said that he wished to make some comments, on behalf of the Group of 77, on the very interesting statements made during the meeting.

37. First of all, the countries of the Group of 77 were grateful to the delegation of the People's Republic of China, whose statement reflected thinking similar to their own with respect to the agenda item under consideration, and which had stressed the political determination of its Government fully to support the interests of the developing countries.

38. The Group of 77 was also glad that, contrary to what might have been feared, the spokesmen of Groups B and D had each been able to define a common position. The spokesman for Group D had clearly explained the many reasons for the backwardness which the developing countries had acquired under régimes of colonialism and exploitation, and those countries were grateful to the Group D countries for what they had done to support the struggle of peoples seeking to free themselves from domination and to attain independence. Many peace-loving countries still needed assistance to achieve that objective. The spokesman for the Group D countries had also made a very fair analysis of the causes of the present economic situation, and it was to be hoped that, once the interdependence of all countries had been recognized, the developed countries of both groups would appreciate the need to support international co-operation efforts, in order that they might bear fruit.

39. He deplored the fact that the spokesman for the Group D countries should have thought it premature to formulate at the present session specific recommendations on the strategy for the next development decade. Since the end of the Second Decade was no longer very far away, all the members of UNCTAD represented at the present special session, should not content themselves with merely taking stock of the situation, but should also reflect together on the new path which the next strategy should follow.

40. The countries members of the Group of 77 were grateful to the Group D countries for having indicated their willingness to continue or to renew a constructive dialogue, for which the developing countries had been calling for two years, and whose results had thus far been extremely disappointing, despite the opposite impression which the spokesman for Group D had sought to give. They would like an assurance of the existence of a political will to reach agreement on the many specific measures which they would like to see implemented.

OTHER BUSINESS (agenda item 4)

DRAFT DECISION SUBMITTED BY THE TUNGSTEN-PRODUCING COUNTRIES AT THE TENTH SESSION OF THE COMMITTEE ON TUNGSTEN (TD/B/C.1/204)

41. The PRESIDENT drew attention to the fact that, at the tenth session of the Committee on Tungsten, the spokesman for the tungsten-producing countries had requested the Secretary-General of UNCTAD to invite the Board, at its eighth session, to take appropriate action on the draft decision concerning the convening of a negotiating conference on tungsten, before which an inter-governmental group of experts would meet (TD/B/C.1/204, para. 16 and annex III). The secretariat had suggested that informal consultations might be held on the question. He suggested that the question should be referred to the Contact Group.

42. Mr. MONTGOMERY (Canada) suggested that the President, the members of the Bureau and the co-ordinators of the regional groups should first meet to consider the best way of proceeding.

43. It was so decided.

The meeting rose at 6.30 p.m.